LAFAYETTE VISTAS

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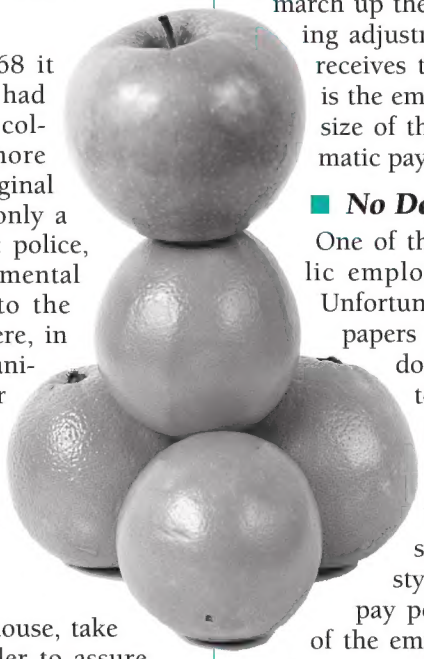
# Lafayette is Different

In this time of government employee pay scandals, unfunded pension programs, and permanent State budget deficits, residents can't be faulted for asking exactly what's going on in their own home town. While the City of Lafayette is by no means perfect, the organization is distinctly different from many other public agencies. Consider these differences:

## *We Limit What We Do*

When Lafayette first incorporated in 1968 it received no property taxes and, because it had no shopping mall or big box stores, it also collected few sales tax dollars. Thus – born more out of necessity than anything else – the original City Council had no choice but to provide only a few essential services, namely, the "Four P's": police, public works, planning and parks. That elemental frugality and limited scope was written into the City's original mission statement (it's still there, in fact) and is now firmly imprinted in the organization's DNA. While other cities may deliver swim centers, water parks, botanical gardens, zoos, tennis facilities, sailing clubs, and the like, Lafayette has largely stayed true to the Four P's. Don't be surprised, when you call, if we say, "Sorry, we don't do that."



## *We Contract for Almost Everything*

Most homeowners, when they paint their house, take the time to acquire two or three bids in order to assure a good price from a qualified contractor. Lafayette does the same thing. We competitively contract for street and sidewalk repairs, traffic signal maintenance, roadway striping and stenciling, and downtown median landscaping; the orange-shirted workers you see tending the plants and changing the banners downtown are contract employees. This newsletter was designed by a contractor. Lafayette's recreation instructors are contractors. Our meeting minute takers are contractors. Even the City's police officers are contract employees. By contracting for services we hope to ensure that – like the homeowner looking for a painter – Lafayette gets the best combination of price, quality and flexibility.

## *A Small Non-Union Staff*

All those contractors mean that Lafayette needs fewer full-time equivalent employees, and we have just 38. That makes us much smaller, from an employee standpoint, than most cities with a comparable population. El Cerrito and Lafayette, for instance, both have about 23,000 residents but, at 190 employees, El Cerrito's staff is about 450% larger than Lafayette's. Our smaller workforce is not only less expensive, but also allows for a personal, collegial, and cooperative council-staff relationship. The evidence? About fifteen years ago, Lafayette's employees ended their relationship with a local public employee union, choosing instead to negotiate pay and benefits issues directly with the City Council, through the City Manager.

## *No Automatic Pay Increases*

In most California cities it's standard for employees to march up the pay scale via seniority, tenure and cost of living adjustments. Not here. In Lafayette, every employee receives two performance evaluations each year, and it is the employee's performance alone that determines the size of the employee's pay increase. There are no automatic pay increases in Lafayette.

## *No Defined-Benefit Pension Plan*

One of the signature benefits that most California public employees receive is a defined-benefits pension. Unfortunately, however – as we have seen in the newspapers – underfunded pensions have not only forced dozens, perhaps hundreds, of cities and counties to cut back on services but even brought entire states and nations to the brink of insolvency. Lafayette, in stark contrast, does not offer a defined-benefit pension plan to its employees. Instead, just like most workers in the private sector, City employees are enrolled in a 401-style defined contribution plan. At the end of each pay period the City deposits the equivalent of 10% of the employee's salary into a tax-free savings account, and agrees to sock away another 5% if employees match that contribution. The goal is to provide a fair and reasonable retirement to our dedicated public servants – but one that doesn't bankrupt the City.

## *No Unfunded Obligations*

Because there is no defined-benefit pension plan, Lafayette has no long-term unfunded pension obligations (although the County Sheriff, which provides police services to Lafayette, does). And, while the City does provides a limited retirement health benefit to its long term employees (we pay 50% of premium costs for employees who retire after age 62 with at least ten years of service), we have worked with an actuary and the City's independent auditor to ensure that the liability for that program is fully funded.

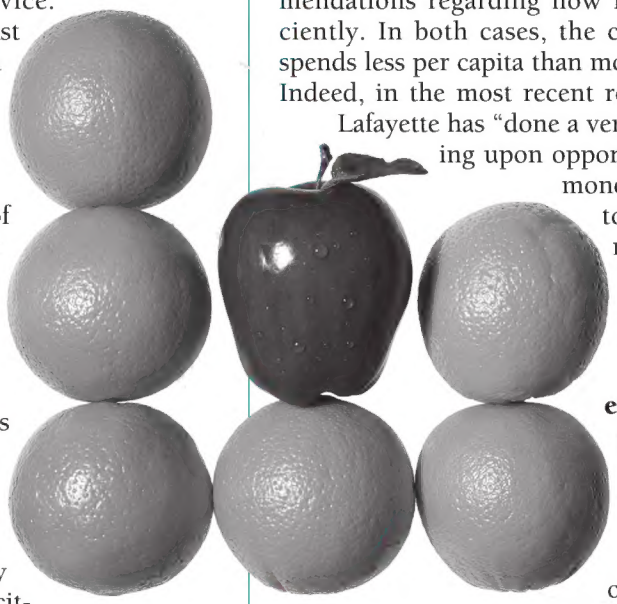
## *Balanced Budgets*

We have delivered one every single year for the last twenty years. Even during these recessionary times, with sales and property taxes dropping faster than expected, we've managed to make the ends meet. For the fiscal year that closed on June 30th, the City received $10.9M in revenue and spent $10.7, for a positive balance of $219,000.

*(continued inside)*

## A Big Reserve

What do we do with the savings? Usually, we add it to the City's reserve, which now totals $9.3M. Like any well-funded savings account, this healthy reserve acts as a "revenue smoothing" device during recessionary times and allows the City to maintain consistent levels of service. The reserve also serves as a bulwark against extraordinary expenses that may result from a natural disaster. Since Lafayette is at risk for earthquakes, wildfires, floods, and landslides, the importance of maintaining a large reserve cannot be underestimated. The City Council has also plowed much of the savings back into roads. Over the last 10 years, the City has been able to put an additional $4M of the savings towards road and drain maintenance.



## AAA Bond Rating

Lafayette's conservative financial practices – no pension obligations, balanced budgets, very strong unreserved general fund balance – are what Standard and Poor's called out when, two years ago, it raised its bond rating for Lafayette from AA to AAA. Only 25 of California's 490 cities, and only 169 cities nationwide, have earned this highest-possible bond rating.

## Volunteer Councilmembers and Commissioners

We had to laugh, last month, when in the wake of the Bell, California pay scandal the local Grand Jury asked all Contra Costa cities to fill out a complex spreadsheet describing all of the various forms and amounts of compensation that the City's councilmembers and commissioners receive. While the request (precipitated by the outrage around Bell's $100,000 pay for its councilmembers) was understandable, Lafayette's submission was clogged with zeros because our councilmembers and commissioners serve as unpaid volunteers. The only expenses we typically incur are those to pay for volunteers to attend – wait for it – *ethics training*. In FY 2009/10, the City spent a grand total of $631 on compensation, benefits, and training on its nearly 100 volunteers – or about $6 each.

## We're Transparent

It was Justice Louis Brandeis who coined the marvelous phrase: "Sunlight is the best of disinfectants". In June 2009 – well before the Bell scandal – the Lafayette City Council ordered the preparation of Lafayette's first Open Government Statement and, in so doing, placed the City at the forefront of open government practices in California. This document contains the information that is most requested by the public, press, and watchdog agencies, including salary ranges for all employees, actual compensation for the top five earning city employees, the city manager employment agreement, and the City's whistleblower policy. It is available every day to any party during regular business hours at the Lafayette City Offices, and online any time at **www.lovelafayette.org.**

## Citizens Audit Our Operations

Twice in past 15 years (and most recently in 2008), the City Council has asked residents who are experienced business managers to join an all-volunteer Finance Review Committee to audit everything City government does and make recommendations regarding how Lafayette can operate more efficiently. In both cases, the committees found that Lafayette spends less per capita than most cities in Contra Costa County. Indeed, in the most recent report, the Committee noted that Lafayette has "done a very good job of identifying and acting upon opportunities to manage the taxpayer's money with prudence," and "appears to be more fiscally prudent than many of the cities in our study." Many of the Committee's recommendations to reduce costs were implemented.

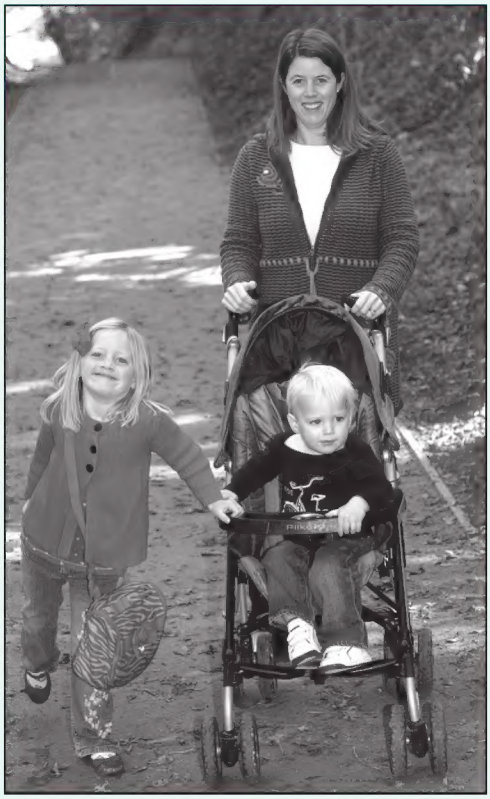
**Lafayette really is different,** and these differences distinguish your town from most other California municipalities. To be sure, the city still has its challenges, the most notable being a $14M road repair backlog. In our ongoing effort to chip away at that problem, we will continue to embrace best practices from both the public and private sectors; we will expand our efforts to be transparent; and we'll be constantly on the lookout for opportunities to reduce costs. We like to think of Lafayette as the Southwest Airlines of cities – low cost and very efficient, with highly satisfied customers. 86% of Lafayette's residents, when polled in 2009, said they were satisfied with the services provided by the City of Lafayette. Thanks for your support.

# Blazing A New Trail

Christy, Georgia and Tyler Winkle enjoy the recently completed all-weather trail that meanders through the north-end of the Lafayette Community Park and connects to the Community Center.

*"Lafayette Recreation does such an amazing job at providing our community with family-friendly programs and facilities. We are so thankful for all the good times our family has enjoyed at the Community Center over the years."*

Christy Winkle



# Lafayette Council to Trim Half a Million from Budget

It is said that a ship sailing from California to Hawaii that is off-course at its departure by just a few degrees will miss its destination by hundreds of miles. Lafayette hopes to avoid a similar fate with its budget.

The good news is that our ship is sound. Last year, Lafayette's revenues exceeded its expenditures by $219,000. This amount was added to the City's already substantial reserve, which now totals $9.2M and is equivalent to 91% of annual General Fund expenditures. This large reserve acts as a revenue smoothing device and allows the City to weather short term economic storms while maintaining consistent levels of service. Furthermore, the reserve also serves as a bulwark against extraordinary expenses that may result from natural disasters like earthquakes, wildfires, floods, and landslides.

Unfortunately, however, the prolonged recessionary squall is taking its toll on the City's major revenue sources. Over the last four years, sales tax, investment income, and fees are down by about $800,000, and growth in property taxes, hotel taxes and franchise fees is expected to remain sluggish at an estimated 2% increase per year.

Meanwhile, expenses continue to creep up – slowly, but still up nonetheless – at a rate of about 3% annually.

At its November 8th meeting, the City Council reviewed a 5-year fiscal forecast suggesting that, if the City were to continue on its current course, it would have an annual shortfall of approximately $535,000 for each of the next 4 years. One doesn't need a sextant to figure out that, at that rate, we might "miss Hawaii", and so the Council has begun reviewing options for a mid-course budget correction. These options are as follows:

| Strategy | Annual Savings |
|---|---|
| Reduce Police Costs | $225,000 |
| Reorganize Staffing | $146,500 |
| Eliminate Promotional Expenses for Downtown | $ 80,000 |
| Trim Public Works & Administrative Expenses | $ 61,000 |
| Recalibrate Recreation & Facility Fees | $ 35,000 |
| **TOTAL** | **$547,500** |

### *Tack 1 – Reduce Police Costs*

Like all local law enforcement agencies, Lafayette offers its resources to other agencies as needed as part of a mutual aid agreement. While the City has, for many years, employed a police dog, recent utilization studies indicate that 73% of Lafayette's canine calls are for service in other jurisdictions. Since the City's police dog is near the end of its service life, and his K9 handler is due to be rotated out of Lafayette and back to County service, one opportunity to reduce costs is to discontinue the canine program.

One less officer on duty will, of course, reduce Lafayette's ability to quickly respond to calls, but the City proposes to mitigate this by purchasing two motorcycles for traffic enforcement on Lafayette's many narrow and winding roads, and for better neighborhood patrol.

While we worry about property crimes and heinous felonies, it is also true that the majority of the crimes that are committed in Lafayette – and the leading cause of accidental death and injury – are traffic related. Motorcycles will allow the police department to better control excessive speeding on streets like Moraga Road, Acalanes Road, Happy Valley Road, Reliez Valley Road, St. Mary's Road, and Springhill Road.

While the City does have the lowest per capita police staffing in Contra Costa County, police expenses still account for 44% of all General Fund expenditures, and it is therefore difficult to make substantive budget cuts while leaving police untouched. This strategy will reduce costs while at the same time refocus current resources to improve the effectiveness and visibility of the officers we do have. Speeders: consider yourself warned!

### *Tack 2 – Reorganize Staffing*

The economic downturn has hit the Lafayette Redevelopment Agency (RDA) particularly hard. As a result, the RDA will likely not be in a position to fund new downtown improvements for at least two or more years. The fact that the Veteran's Memorial Building and Lafayette Library and Learning Center projects are now complete also means the Agency no longer needs staff to manage these projects. Furthermore, while the number of city-wide planning applications has not decreased due to the economy, the overall complexity of those the City is still processing is reduced. Simply put, neither the City nor developers are building big projects right now. Thus, in addition to laying off the contract employees who helped with construction management of the Library and Veterans Memorial, this option proposes to eliminate the City's full-time Community Development Director and two full time planning positions. To provide minimal support, these positions would be backfilled by a Planning Technician position and a part-time Special Projects Manager. While these changes are unlikely to directly impact residents, it will constrain the City's ability to complete long-range planning projects.

### *Tack 3 – Eliminate Promotional Expenses for Downtown*

Everybody loves the white lights twinkling on the downtown trees during the holiday season. Likewise, the City's colorful year-round banner program adds to the vibrancy and vitality of the downtown. And of course, the Lafayette Art & Wine Festival and Reservoir Run are popular Lafayette events that, in many ways, define the City. Unfortunately, however, the City contributes to these programs by providing police and public works support – the cost of which adds up to a combined $80,000 annually. While these features are certainly nice to have, it is hard to argue that they are core essential services. As a result, this option proposes to phase out these expenses over the next year, but suggests that the City will work cooperatively with the Chamber of Commerce to develop alternative funding sources that might preserve all or part of these promotional programs.

### *Tack 4 – Trim Public Works & Administrative Expenses*

As noted in this issue's lead article, the City contracts for most of its services. One benefit of contracting is that the City can quickly trim expenses without having to negotiate layoffs or furloughs. Our City "ship", therefore, is more like a sailboat than an ocean liner and we can change course quickly. By employing a number of strategies such as lengthening the time

*(continued on back page)*

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The City will soon be developing a new website that will include updated functionality, a streamlined interface and additional content. In order to help us better understand the type of information the community would like to see, we need your help. Please visit the current website at **www.lovelafayette.org** to fill out a short survey: tell us what you like, what you don't and what you want. We look forward to showing off a brand new website this summer!

## Lafayette Council to Trim Budget *(continued from page 3)*

between landscape trimmings, median cleanups, replantings, and road striping and painting, we believe we can save about $50,000 with minimal impact to the City. In addition, by making some slight reductions in administrative expenses, the City can trim another $11,000.

### *Tack 5 – Recalibrate Recreation and Facility Fees*

The City has, for almost twenty years now, operated its recreation program on a self-sustaining basis – meaning that the fees you pay for a jazzercise class cover the direct expenses the City incurs to offer that class. While that's true, the General Fund still carries significant overhead and facility costs for recreation – particularly for park and ball field maintenance. This option proposes to tack on an additional fee to make up for some, but not all, of the ongoing recreation subsidies. This means there may be higher fees for LMYA and Little League players, and/or an additional nominal per class fee.

Cutting back is never the fun part of running any organization. Given the times, however, it seems that just about every public agency, private company, and even family has to make difficult choices about its priorities, and Lafayette is no exception. We hope that, by trimming our sails now, we can stay on a true and balanced course.

### *Make Your Voice Heard*

Recognizing the consequences these proposed changes will have on the community, the City Council has reserved time for public testimony on these proposals where all members of the community are invited to let their voices be heard. The Council will make no final decisions until the public has had its say. The meeting will take place on **Monday, December 13th at 7:00 pm** at the Lafayette Library and Learning Center in the Community Hall.

## City Directory

For Council Members call: **284-1968**

### *Council Members*

| | |
|---|---|
| Brandt Andersson | **Mayor** |
| Carl Anduri | **Vice Mayor** |
| Mike Anderson | **Council Member** |
| Carol Federighi | **Council Member** |
| Don Tatzin | **Council Member** |

Messages to **all** Council Members:
**cityhall@lovelafayette.org**

### *Administration*

| | |
|---|---|
| **General Reception and** | **284-1968** |
| **Steven Falk, City Manager** | **Fax: 284-3169** |
| Tracy Robinson, Admin. Srv. Dir. | **299-3227** |
| Gonzalo Silva, Financial Srv. Mgr. | **299-3213** |
| Joanne Robbins, City Clerk | **299-3210** |

### *Community Development*

| | |
|---|---|
| Ann Merideth, Director | **299-3218** |
| Tony Coe, Engineering Srv. Mgr. | **284-1951** |
| Niroop Srivatsa, Planning Srv. Mgr. | **284-1976** |
| Ron Lefler, Public Works Srv. Mgr. | **299-3214** |
| P.W. Hotline (to report problems) | **299-3259** |

***If you observe illegal dumping in creeks & storm drains or accidental spills on roads, call Contra Costa Hazardous Materials Division 646-2286.***

### *Lamorinda School Bus Program*

| | |
|---|---|
| Juliet Hansen, Program Mgr. | **299-3216** |
| | **Or 299-3215** |

### *Parks, Trails and Recreation* **284-2232**

| | |
|---|---|
| Jennifer Russell, Director | |
| Senior Services | **284-5050** |

### *Police Services*

| | |
|---|---|
| Emergency: 24 Hours | **911** |
| Police Dispatch: 24 Hours | **284-5010** |
| Police Business Office: | **283-3680** |

***Anonymous Tipline, Traffic Enforcement, Suggestions & LEARN (Laf. Emergency Action Response Network), 299-3232 X 2205***

| | |
|---|---|
| *Fax* | **284-3169** |
| *Address* | **3675 Mt. Diablo Blvd. #210**<br>**Lafayette, CA 94549** |
| *Website* | **www.ci.lafayette.ca.us** |

**E-MAIL:** Council/staff members can be reached via e-mail using this address format:
**First Initial + Last Name @lovelafayette.org**
**Example: SFalk@lovelafayette.org**

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